

Conference Report Highlights

April 14, 1999

Highlights of the Conference Report to Accompany H. Con. Res. 68, Concurrent Budget Resolution for FY 2000

The Senate on March 25, 1999, passed its FY 2000 concurrent budget resolution, S. Con. Res. 20, by a vote of 55-44. The House passed H. Con. Res. 68 on the same day, by a vote of 221-208. The conference report was agreed to April 13, and was passed by the House today, 220-208.

Noteworthy

- The Senate today began debate on the conference report. By unanimous consent, when the Senate reconvenes on Thursday, there will be five hours remaining for debate.
- The budget resolution primarily establishes the numerical budget totals for the next fiscal year and the nine following years; it does not dictate the particular policy embodying these totals. Because it is a concurrent resolution, it is not presented to the President for signature.
- The President's budget for FY2000 was offered and rejected on the floor of both the Senate and the House during debate over each body's respective budget resolutions. It was rejected 2-97 in the Senate and 2-426 in the House.
- The FY2000 budget resolution adheres to the goals originally set forth by the Republican leadership at the beginning of the year:
 - 1) To fully protect Social Security;
 - 2) To fully fund and protect Medicare;
 - 3) To substantially reduce the public debt;
 - 4) To adhere to the spending caps adopted in the 1997 bipartisan agreement between the President and Congress;
 - 5) To strengthen America's defense forces; and
 - 6) To provide for the largest middle-class tax cut since Ronald Reagan's.

Highlights

[Note that this paper only attempts to provide an overview of the most significant details in the conference report. Those seeking greater detail are directed to the conference report itself.]

- Adoption of the budget resolution by the conference committee is two days ahead of the statutory deadline and is on pace to meet the April 15 deadline — resulting in this being the second earliest budget resolution adopted by Congress since passage of the Budget Act.
- In general, the Senate and House budget resolutions were very close in their budget totals, budget process changes, and their broad policy objectives. As a result, the conference report does not substantially differ from either body's original work.
- The FY2000 budget resolution conference report is the first since that of FY1998. No conference report was adopted last year for FY1999.

The Numbers

- **Debt reduction:** The conference report follows the public debt reduction of the Senate budget resolution. This would result in \$1.8 trillion — cutting current public debt in half over ten years. This amounts to \$463 billion more debt reduction over ten years than under the President's (rejected) proposal.
- **Budget Functions:** Only minor redistributions of funds were made within the broad funding areas of the budget (known as "budget functions"). Notable changes from the Senate budget resolution's outlays totals include: small increases to Defense (050), Community and Regional Development (450), Justice (750), and Revenues. These were offset with minor reductions in International Affairs (150), Education (500), Income Security (600), Veterans (700), and minor increases in Undistributed Offsetting Receipts (920), and reduced interest payments (900).
- **Revenues:** In general, in comparing the conference report to the Senate-passed budget resolution, revenue figures are slightly increased in the FYs 2000-2003 — following the House assumptions, which yield an on-budget deficit of \$0 for FY2000.
- **Spending:** Spending figures in budget authority (BA) are slightly reduced (from the Senate-passed resolution) for FYs 2000-2003 and increased for FYs 2004-2009; spending figures in outlays are slightly reduced for FYs 2000-2002 and slightly increased for FYs 2003-2009.
- **Surplus:** The on-budget surplus, which is intended to serve as a reserve for future needs such as Medicare prescription drugs, amounts to \$92.4 billion over 10 years (as compared to the Senate-passed total of \$105.3 billion).

- **Tax Cut:** The money available for a middle-class tax cut is the same as the figures set forth in the Senate-reported resolution: no net tax cut in FY2000, \$142.3 billion for the first five years and \$777.9 billion over the first ten years. These figures do not reflect the Senate floor amendment, which reduced the tax cut figure for childcare funding. However, the conference report assumes that not less than \$3 billion will be made available for tax cuts related to childcare.

Process

The budget resolution can serve as a vehicle for changing certain congressional budget procedures — this can include such items as establishing new points of order or establishing reserve funds that allow specified budget totals to be adjusted without violating existing points of order. The following are included in the conference report:

Points of Order

- Section 206 establishes a new Senate super-majority point of order against non-emergency spending (spending designated as “emergency” is not counted against the spending caps or for pay-go purposes). Spending thus successfully challenged (according to a delineated criteria list) as being non-emergency would need 60 votes to overcome the point of order. However, this point of order is sunset, and expires with the adoption of the FY2001 budget resolution.
- Section 201 establishes a simple-majority point of order against spending the Social Security surplus unless such spending is part of Social Security reform.
- Section 207 clarifies pay-go so that a point of order would not apply against un-offset tax reductions or against new spending in the event of an on-budget surplus.

Reserve Funds

In general, the reserve funds allow for specified changes in the budget totals set forth in the budget resolution without provoking potential points of order.

- **Section 202, Reserve fund for retirement security:** This would allow for changes in the totals to increase retirement security — specifically Social Security and Medicare.
- **Section 203, Reserve fund for Medicare reform:** Similar to language contained in the Senate budget resolution, the conference report would allow for changes in the event of real Medicare reform — i.e., real increases in solvency without intragovernmental transfers (as proposed by Clinton).
- **Section 204, Reserve fund for Agriculture:** Would allow for up to \$6 billion in farm aid in the event of the passage of risk management (including crop insurance) and/or income assistance to farmers.

- **Section 205, Reserve fund for tax reduction:** As provided in Section 203 of the Senate-passed resolution, this provision would allow for changes that do not increase the deficit. This applies only to the Senate.
- **Section 210, Reserve fund for programs to aid the employment of adults with disabilities.**
- **Section 211, Reserve fund for FY2000 CBO update:** This allows for changes to reconciliation totals, pay-go balance, and revenue aggregates by the amount of an on-budget surplus for FY2000.
- **Section 212, Reserve fund for education.**

Sense of Congress Language

- Sense of Congress, Senate or House language is intended to signal congressional priorities or intent. Title III contains many such provisions, which we do not discuss in this brief summary (those wishing to locate individuals provisions are directed to look in Subtitle A for Sense of Congress, Subtitle B for Sense of the House, and Subtitle C for Sense of the Senate provisions) with the following exception:
- Section 301: Sense of Congress supporting the off-budget status of Social Security, the existing enforcement mechanisms protecting its status, and that this budget resolution conforms to these.

Reconciliation

- One set of reconciliation instructions to the tax-writing committees is included in the conference report. The House Ways and Means Committee is directed to report tax cut legislation by July 16 and the Senate Finance Committee to report by July 23. The statutory debt limit is not directed to be decreased as set forth in the Senate budget resolution.

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